

APPROVED
by the Supervisory Board
of the Moscow Exchange
on September 09, 2016, Minutes No. 6

**PROVISIONS
ON THE NOMINATION AND REMUNERATION COMMISSION OF
THE SUPERVISORY BOARD OF
THE MOSCOW EXCHANGE**

**Moscow
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1. General Provisions

1.1. Provisions on the Nomination and Remuneration Commission under the Supervisory Board of Public Joint-Stock Company “Moscow Exchange MICEX-RTS” (hereinafter referred to as the “Provisions”) have been developed in accordance with the laws of the Russian Federation, the Charter of Public Joint-Stock Company “Moscow Exchange MICEX-RTS” (hereinafter referred to as the “Moscow Exchange” or the “Exchange”), the Corporate Governance Code recommended for application by the Bank of Russia and rules for securities admission to organised trading of the trade organiser responsible for the listing of Exchange securities.

1.2. These Provisions shall establish a procedure for setting up and the status of the Nomination and Remuneration Commission under the Supervisory Board of the Moscow Exchange (hereinafter referred to as the “Nomination and Remuneration Commission” or the “Commission”); determine its purpose, objectives and powers, as well as functioning and decision-making procedures.

1.3. The Nomination and Remuneration Commission is a standing consultative and advisory body of the Supervisory Board of the Exchange set up with the purpose to prepare recommendations to the Supervisory Board on matters falling within the competence of the Commission.

1.4. The members of the Nomination and Remuneration Commission shall be guided in their activity by the current legislation of the Russian Federation, the Charter of the Moscow Exchange, the Provisions of the Supervisory Board of the Moscow Exchange, strategy of the Moscow Exchange, resolutions of the Supervisory Board, these Provisions and other documents adopted by the General Meeting of shareholders and the Supervisory Board of the Moscow Exchange.

1.5. Unless the present Provisions provide otherwise, the terms used but not defined herein shall have the same meaning as defined in the Charter and the Provisions of the Supervisory Board of the Moscow Exchange.

1.6. The Nomination and Remuneration Commission shall function within the scope of authorities granted by the Supervisory Board of the Moscow Exchange and shall on all matters report to the Supervisory Board of the Moscow Exchange.

1.7. The Nomination and Remuneration Commission shall not act on behalf of the Moscow Exchange, executive bodies or the Supervisory Board of the Exchange, or bind the executive bodies or the Supervisory Board in any way.

1.8. These Provisions with supplements and amendments hereto shall be subject to approval by the Supervisory Board of the Exchange.

1.9. These Provisions shall apply as long as they do not contradict the Charter of the Moscow Exchange.

1.10. The Supervisory Board of the Moscow Exchange shall evaluate the performance of the Commission on a regular basis but at least once a year.

2. Purposes and Objectives of the Nomination and Remuneration Commission

2.1. The primary purpose of the Nomination and Remuneration Commission shall be to foster effective decision-making by the Supervisory Board on matters concerning activities of the Exchange and other companies directly or indirectly controlled by the Exchange (hereinafter referred to as the “Moscow Exchange Group”) related to nomination of and remuneration to the members of supervisory boards and executive management bodies, other key managers and the members of the audit commissions.

2.2. The key objective of the Nomination and Remuneration Commission shall be preliminary review, development and provision of recommendations and conclusions to the Supervisory Board of the Exchange, to the supervisory boards of the Moscow Exchange Group regarding the following matters:

- staff planning (succession planning), enhancement of professional composition and performance efficiency of supervisory boards;

- efficient and transparent remuneration to the members of supervisory boards and the collegial executive body, as well as the person performing the functions of the sole executive body (hereinafter referred to as the “members of executive management bodies”) and to other key managers;

- priorities of the Moscow Exchange and Moscow Exchange Group in relation to nomination of and remuneration to the members of supervisory boards and executive management bodies, other key managers as well as the members of audit commissions;

- policies and standards on choosing nominees to supervisory boards and executive management bodies, aiming at attracting qualified specialists;

- other matters concerning Commission’s activity.

2.3. The Commission shall ensure the information awareness of the members of the Supervisory Board of the Exchange and their participation in monitoring the activities of the Moscow Exchange and Moscow Exchange Group in relation to nomination of and remuneration to the members of supervisory boards and executive management bodies, other key managers and the members of audit commissions.

2.4. For the purposes of these Provisions “other key managers” shall mean members of the collegial executive body of the Exchange.

3. Functions of the Commission

3.1. To achieve the set objectives the Commission shall perform the following functions:

3.1.1. Make recommendations to the Supervisory Board of the Moscow Exchange and Moscow Exchange Group’s supervisory boards regarding key focuses in nomination of and remuneration to the members of supervisory boards and

- executive management bodies, other key managers, the members of audit commissions and the Corporate Secretary;
- 3.1.2. Define and occasionally review the key focuses of the Moscow Exchange and Moscow Exchange Group concerning nomination of and remuneration, among other the remuneration policy for the members of supervisory boards, executive management bodies and audit commissions as well as other key managers and the Corporate Secretary, which includes development of short-term and long-term incentive plans for the members of executive bodies;
 - 3.1.3. Oversee the implementation and execution of the remuneration policy and diverse incentive plans;
 - 3.1.4. Perform benchmarking and advise the Supervisory Board of the Moscow Exchange on the management board members and the Corporate Secretary's remuneration policies applicable in its peers;
 - 3.1.5. Develop principles and criteria to determine the size of remuneration to the members of the Supervisory Board of the Exchange and supervisory boards of the key companies in the Moscow Exchange Group¹, the members of executive management bodies and the Corporate Secretary of the Exchange;
 - 3.1.6. Prepare a report on the implementation of remuneration principles applicable to the members of the Supervisory Board and executive management bodies as well as other key managers of the Moscow Exchange to be incorporated into the annual report and other documents of the Exchange;
 - 3.1.7. Assess the composition of the Exchange's Supervisory Board and its Commissions and where necessary the composition of supervisory boards of the key companies in the Moscow Exchange Group as regards their professional profiles, experience, independence and involvement of members in their activities;
 - 3.1.8. Develop a self-assessment methodology and advise on the selection of an independent consultant to evaluate the performance of the Supervisory Board of the Moscow Exchange;
 - 3.1.9. Conduct annual detailed formalised performance efficiency self-assessment or external evaluation of the Supervisory Board of the Exchange, its members as well as commissions from the standpoint of their general performance and with due account for directors' individual contribution to the work of the Supervisory Board and its commissions; draft a performance evaluation report to be incorporated into the Exchange's annual report;
 - 3.1.10. Define key focuses to enhance the composition of the Supervisory Board of the Exchange.
 - 3.1.11. Make recommendations to the Supervisory Board of the Exchange on how to improve the work of the Supervisory Board and its Commissions;
 - 3.1.12. Set selection criteria for the nominees to the Supervisory Board of the Exchange and interact with both major and minority shareholders to choose nominees to the Supervisory Board of the Exchange and to make voting recommendations for the shareholders; such interaction should be aimed at forming the Supervisory Board in such a way that it would suit the purpose and objectives of the Exchange to the maximum extent;
 - 3.1.13. Assess professional expertise and independence of all nominees to the Supervisory Board of the Exchange based on information available to the Commission;

¹ For the purposes of these Provisions the **key** companies in the Moscow Exchange Group shall mean NCC Clearing Bank and the National Settlement Depository.

- 3.1.14. Organise preliminary discussion of nominees to the Supervisory Board of the Exchange with the shareholders, among other collect shareholders' opinions on nominees' compliance with independence criteria;
- 3.1.15. Develop and communicate to the shareholders voting recommendations on nominee election to the Supervisory Board of the Exchange;
- 3.1.16. Draft a description of individual duties of the members and the Chair of the Exchange Supervisory Board, specifying the time dedicated to the discussion of Exchange activity-related matters during and outside its meetings in the course of scheduled and off-schedule activity. Individual duties description shall be subject to an approval by the Supervisory Board of the Exchange and must be handed over to each new member of the Supervisory Board of the Exchange and its Chair after election for information;
- 3.1.17. Develop induction courses for newly elected members of the Supervisory Board of the Exchange, to inform the new directors on the key assets of the Exchange, its strategy and business environment; organisational structure and key managers as well as work procedures of the Supervisory Board of the Exchange; oversee the induction course implementation;
- 3.1.18. Elaborate training and professional development programmes for the members of the Supervisory Board of the Exchange fitting their individual needs; oversee the development programme implementation;
- 3.1.19. Perform preliminary assessment of nominees to the Exchange executive management bodies and of the Corporate Secretary nominee, as well as key managers nominees; draft recommendations regarding candidates for the above positions and submit them to the Supervisory Board;
- 3.1.20. Develop and submit to the Supervisory Board of the Exchange recommendations on material terms and conditions of contracts to be signed with the members of the Exchange executive management bodies, the Corporate Secretary and other key managers, including remuneration amount, payment terms and procedure, provide recommendations to the supervisory boards and/or committees of the supervisory boards of the Moscow Exchange Group regarding sole executive bodies of the key companies;
- 3.1.21. Define terms and conditions for early termination of employment contracts with members of executive bodies of the Exchange, the Corporate Secretary and other key managers of the Exchange, including all financial obligations of the Exchange and conditions on which such obligations shall be assumed, including severance pay, compensations and (or) other payments in any form on top of those set by the legislation;
- 3.1.22. Review performance results of the members of the Exchange executive management, members of the Revision Commission, other key managers and the Corporate Secretary, as well as sole executive bodies of the key Moscow Exchange Group, among other with a view to change the remuneration amount and other forms of incentive provision;
- 3.1.23. Conduct a preliminary performance assessment of the collegial executive body and the sole executive body, the members of the Revision Commission, other key managers and the Corporate Secretary, as well as of the sole executive bodies of the key Moscow Exchange Group companies based on their year-end results and pursuant to the remuneration policy (with regards to the criteria set forth in the remuneration policy) as well as conduct a preliminary assessment of whether the above persons achieved their goals under the LTI programme;

- 3.1.24. Provide recommendations and opinions to the Supervisory Board of the Exchange on corporate and individual KPIs (targets) of the members of the executive management bodies, the Corporate Secretary and other key managers for the reporting year, and as relates to sole executive bodies of the key Moscow Exchange Group companies – to their supervisory boards and/or supervisory boards' commissions;
- 3.1.25. Review annual and, if required, interim performance reports of the Exchange executive management bodies, the Corporate Secretary and other key managers as well as of the sole executive bodies of the key Moscow Exchange Group companies and provide recommendations and opinions to the Supervisory Board of the Exchange based on such reviews, and as relates to sole executive bodies of the Moscow Exchange Group key companies – to their supervisory boards and/or supervisory boards' commissions;
- 3.1.26. Provide recommendations and opinions to the Supervisory Board of the Exchange on the amount of the annual bonus to be paid to the members of the Exchange executive management bodies and other key managers (among other on payment of deferred parts thereof, if any);
- 3.1.27. Provide recommendations and opinions on the amount of the annual bonus to be paid to the sole executive bodies of the Moscow Exchange Group key companies to their supervisory boards and/or supervisory boards' commissions (among other on payment of deferred parts thereof, if any);
- 3.1.28. Develop recommendations for the Supervisory Board of the Exchange as to the incentive principles applicable to the Exchange Corporate Secretary (the head of the structural unit, performing the functions of the Corporate Secretary), and make proposals to the Supervisory Board regarding bonus payments to the Corporate Secretary;
- 3.1.29. Draft proposals for the Supervisory Board of the Exchange on the possibility and advisability of the re-appointment of the members of Exchange's executive management bodies;
- 3.1.30. Make recommendations to the Supervisory Board concerning members of executive management bodies' positions overlap in case they hold positions in the management bodies of companies outside the Moscow Exchange Group;
- 3.1.31. Develop and regularly review STI and LTI programs, including share-based ones, parameters applicable to the members of Exchange's executive management bodies and the Corporate Secretary as well as sole executive bodies of the key companies in the Moscow Exchange Group; draft recommendations for the Supervisory Board of the Exchange concerning changes in the principles and parameters of the Long-Term share-based Incentive Programmes (hereinafter referred to as the "Programmes"), participation principles, and as relates to the sole executive bodies of the key companies in the Moscow Exchange Group – to their supervisory boards and/or supervisory boards' commissions, and to the Chairman of the Executive Board of the Moscow Exchange as well;
- 3.1.32. Review current and anticipated demand of the Exchange and the Moscow Exchange Group in terms of the members of executive management bodies and key managers professional qualification determined by the strive for competitiveness and development perspectives;
- 3.1.33. Plan appointments, in particular, to ensure succession planning for the members of executive bodies of the Exchange;
- 3.1.34. Select an independent consultant on matters, related to remuneration of the members of Exchange's executive management bodies and other key managers,

and if the policy of the Exchange provides for tender selection of the above consultant – define tender conditions and perform the role of the tender commission.

- 3.1.35. Oversee information disclosure on the remuneration policy and practice as well as on the members of the Supervisory Board, executive management bodies and other key managers holding shares of the Exchange in the annual report and on the website.
- 3.1.36. Provide opinions upon request of the Supervisory Board of the Moscow Exchange, or, at its own initiative, recommendations on particular matters within the competence of the Commission.
- 3.1.37. Draft an annual performance report of the Commission and submit it for review by the Supervisory Board of the Exchange.

4. Commission's Composition and Formation Procedure

- 4.1. The Commission shall consist of independent directors, and in case it is impossible for objective causes, independent directors shall constitute the majority on the Commission. Other positions in the Commission may be taken by non-executive directors. The Commission shall be chaired by an independent director.
- 4.2. Members of the Commission shall be elected by a simple majority of votes of all elected members of the Supervisory Board of the Moscow Exchange, at one of the first meetings after the election of the new Supervisory Board of the Exchange.
- 4.3. The members of the Commission shall serve during the term of the Supervisory Board of the Moscow Exchange office until their successors are duly elected by the Annual General Shareholders Meeting or Extraordinary Meeting in the event of early termination of the Supervisory Board's office.
- 4.4. The Supervisory Board of the Moscow Exchange shall decide on the size and personal composition of the Commission. The number of Commission members may not be less than 3 (three) persons.
- 4.5. Persons other than members of the Commission may attend the meetings of the Commission only if they are invited to do so by the Chair of the Commission. If necessary the members of the Commission may invite to their meetings leaders of the structural units and employees of the Moscow Exchange and Moscow Exchange Group, and other persons with professional skills and competence required to make decisions on issues reviewed by the Commission.
- 4.6. A member of the Commission may resign earlier by submitting a written notice of resignation to the Chair of the Exchange Supervisory Board and the Chair of the Commission at least one month prior to the expected resignation date.
- 4.7. The Supervisory Board of the Exchange may at its sole discretion release all or any Commission member from their responsibilities. In this case the members of the Supervisory Board of the Exchange shall elect a new member (members) of the Commission at the meeting that decides on the early release, or shall adopt a decision to reduce the size of the Commission.
- 4.8. In case the number of Commission members does not meet the required quorum for holding Commission's meetings, the Chair of the Exchange Supervisory Board, as advised by the Chair of the Commission, shall convene an extraordinary meeting of the Supervisory Board to hold new elections or shall include the election issue into the agenda of the next scheduled meeting of the Supervisory Board of the Exchange.

4.9. The work of the Commission shall be governed and organised by the Chair of the Commission elected by a majority vote of the attending members of the Supervisory Board of the Exchange.

If the Chair of the Supervisory Board chairs the Commission he/she may not chair the Commission meeting where succession planning for the Chair of the Supervisory Board is reviewed or recommendations on his/her election are developed.

4.10. If necessary, in the absence of the Chair of the Commission the members of the Commission shall have the right to elect a Deputy Chair by a majority vote of the attending members.

5. Commission's Proceedings

5.1. In organising the work of the Commission, the Chair shall:

- ensure the unbiased character of recommendations developed by the Commission for the Supervisory Board of the Moscow Exchange;
- convene and chair the meeting;
- decide on the form of the meeting and approve its agenda;
- decide on the list of invitees to the Commission meeting in praesentia;
- organise the discussion of agenda items at Commission meetings and listen to the opinions of invitees;
- organise minutes keeping and sign the minutes;
- draft, where necessary, a forward schedule of Commission meetings taking into account the schedule of the Supervisory Board meetings;
- allocate responsibilities among Commission members;
- represent the Commission in interaction with executive bodies of the Moscow Exchange and Moscow Exchange Group, other bodies and persons;
- maintain official correspondence of the Commission, sign enquires, letters and other documents on behalf of the Commission;
- ensure compliance of the Commission activities with current legislation of the Russian Federation, the Charter of the Moscow Exchange, other bylaws of the Moscow Exchange and these Provisions;
- on a regular basis advise the Supervisory Board and its Chair on activities of the Commission;
- perform other functions as assigned by the current legislation, the Charter of the Moscow Exchange, other bylaws of the Exchange and these Provisions.

5.2. An employee of the Exchange, appointed by the Supervisory Board or in his/her absence at the meeting – any employee elected by a majority vote of the total attending Commission members shall perform the functions of the Commission Secretary and shall ensure the preparation for and holding of Commission meetings, collection and filing of pre-reads, timely notification of the members of the Commission and invitees on the meeting date and agenda, taking meeting minutes, keeping all relevant materials and other functions upon assignment of the Chair of the Commission.

5.3. Normally the Commission shall hold meetings in praesentia (joint attendance). At meetings held in praesentia the Commission members, with consent of all attending Commission members, may review issues not included into the agenda.

5.4. In exceptional circumstances upon decision of the Chair of the Commission the members may adopt resolutions by voting in absentia.

5.5. To facilitate the work of the Commission technical communication means (teleconferences and etc.) may be used. The invitees to the meeting in praesentia, inclusive of the members of the Commission who cannot attend the meeting may submit their written opinions on the agenda items. Such written opinions must be read out at the Commission meeting by the Commission Chair. The Commission shall take account of such written opinions at decision-making and they shall be attached to the meeting minutes.

The written opinion of a non-attending Commission member shall be taken into account when determining the presence of quorum and voting results on the agenda item if the following conditions are met:

- a written opinion has been received prior to the beginning of the meeting.
- a Commission member has expressed his/her viewpoint on the issue in unmistakable terms, having indicated in the written opinion one of the voting options for the proposed draft resolution – “for”, “against” or “abstained”.

A written opinion containing adjustments or reservations as to the proposed draft resolution shall not be taken into account when determining the presence of quorum and voting results. Neither the written opinion shall be taken into account when determining the presence of quorum and voting results, if the draft resolution is adjusted at the Commission meeting. Written opinions shall be taken into account when determining the presence of the quorum and voting results separately for each agenda item and reflected in the Commission minutes.

Written opinions sent by persons unable to attend the Commission meeting in presentia must be signed by them, indicating their surnames and initials and submitted prior to the beginning of the Commission meeting in the original copy or by fax with further submission of the original copy.

5.6. The Chair of the Commission shall develop its forward schedule in consideration of the approved schedule of the Exchange Supervisory Board meetings and proposals by the Supervisory Board Chair, members of the Supervisory Board and the Commission, Chair and members of the Executive Board, the HR Director, the Corporate Secretary and structural units of the Exchange concerned.

5.7. When convening a Commission meeting the Chair of the Commission shall decide on the date, time, agenda, venue, and form of the meeting as well as the list of invitees.

Commission Chair shall take a decision to convene an extraordinary meeting of the Commission basing on the relevant requests and proposals from persons specified in clause 5.6 hereof.

Commission Chair shall decide to convene an extraordinary meeting or to include an item into the agenda within 5 (five) business days following the relevant request or proposal taking into account the importance and urgency of the proposed item.

5.8. The Chair may refuse to convene an extraordinary meeting if the items proposed for inclusion into the agenda are not within the competence of the Commission subject to these Provisions. The motivated refusal shall be provided to the initiator within 5 (five) business days following the relevant request or proposal.

5.9. If there are circumstances impeding the holding of a Commission meeting or even making it impossible and the Commission members have been notified about such a

meeting, the Chair may decide to adjoin the meeting to a different date with the same agenda.

The Commission Secretary instructed so by the Chair shall notify all Commission members on the change of the meeting date and (or) time.

5.10. The Chair of the Commission or in his/her absence the Deputy Chair shall preside at the meetings of the Commission. If neither of them is present, the members of the Commission shall choose the Chair from attending members by a simple majority vote.

5.11. The meeting of the Commission shall be deemed quorate if at least half of the total number of members enjoying a right to vote are attending the meeting. When opening the meeting the Chair of the Commission shall decide whether the meeting is quorate. In the absence of quorum, the meeting shall be adjourned by the Chair and postponed to another date with the same agenda, or the issues to be discussed at such adjourned meeting shall be included into the agenda of the next scheduled meeting.

5.12. Each member of the Commission, inclusive of its Chair, shall have one vote. The members of the Commission may not delegate their votes to any other member of the Commission.

5.13. In the course of the meeting any information about members having interest in any agenda item must be disclosed and advised to the members of the Commission.

5.14. The Commission shall take decisions by a simple majority vote. The Chair of the meeting shall be entitled to a casting vote when votes are equally divided.

5.15. If the meeting of the Commission is held in absentia the members of the Commission shall receive voting ballots along with the pre-reads.

5.16. When filling in a voting ballot for an absentee vote (or sending a written opinion by those members who cannot attend the meeting) all voting options, except one (“for”, “against” or “abstained”) in each item put to vote must be crossed out. The filled in voting ballot must be signed with indication of the surname and initials of such Commission member and delivered to the specified address in the original copy or by fax with the original copy to be delivered later.

5.17. The resolutions of the Commission shall be reflected in the minutes, drafted by the Secretary of the Commission no later than 10 (ten) business days after the meeting. The Chair of the meeting and the Secretary of the Commission shall sign the minutes. The Chair shall be responsible for the accuracy of the minutes.

5.18. The minutes of the meetings shall state: the form, venue, date and time of the meeting (deadline for the filled in voting ballots submission), names of attendees, agenda of the meeting, items put to vote, draft resolutions, voting results, adopted resolutions, opinions in writing of the absent members, key points of delivered reports (optional), opinions and recommendations of invitees.

An individual opinion of the Commission member having voted against the proposed resolution or of the member abstained from voting may be recorded in the minutes of the meeting if so requested.

5.19. Where the Commission provides recommendations on the agenda items to be further decided on at the meeting of the Supervisory Board of the Moscow Exchange, the reference to such recommendations must be made in the pre-reads for this item, submitted for the review by the Exchange Supervisory Board.

5.20. The Corporate Secretary of the Exchange shall ensure that minutes of meetings are duly kept. The minutes of the meetings of the Commission shall have a continuous numbering starting from the date of approval of the effective composition of the Commission till the date of approval of a new composition of the Commission by the Supervisory Board of the Moscow Exchange.

5.21. The copies of the meetings' minutes or abstracts thereof shall be forwarded by the Commission Secretary to persons, responsible for the implementation of the relevant Commission resolutions, members of the Commission, as well as to the members of the Exchange Supervisory Board Moscow Exchange Group supervisory boards upon their written request, and to the Exchange structural units only if so sanctioned by the Chair of the Executive Board of the Exchange or the person authorised by him/her.

5.22. Commission members must refrain from actions which will or may result in a conflict of interests between them and the Moscow Exchange. They must not disclose or otherwise use any confidential or insider information of the Moscow Exchange in their personal interests or in the interests of any third parties. To that end the Commission members must undertake a written confidentiality obligation.

6. Concluding Provisions

6.1. Any issues that are not regulated by these Provisions shall be regulated by the Charter of the Moscow Exchange, the Provisions on the Supervisory Board of the Moscow Exchange, other bylaws of the Moscow Exchange and the applicable laws.

6.2. Should certain items of these Provisions come into conflict with the laws, the Charter of the Moscow Exchange, the Provisions on the Supervisory Board, or any bylaws of the Moscow Exchange approved by its General Shareholders Meeting due to any amendments introduced therein, such Provisions shall become ineffective, and the Commission shall be governed by the provisions of the abovementioned statutes and bylaws up to the time these Provisions are amended accordingly.